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**ARIZONA CORPORATION COMMISSION**

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November 21, 2005

Chairman Jeff Hatch-Miller  
Commissioner William A. Mundell  
Commissioner Marc Spitzer  
Commissioner Mike Gleason

**Re: APS DSM Programs; Docket No. E-01345A-05-0477**

Dear Colleagues:

I agree with Chairman Hatch-Miller on the need to move forward with the approval of DSM programs for APS customers. As the Chairman pointed out, as part of the Settlement Agreement, APS was directed to spend \$48 million over three years on DSM programs for residential and non-residential customers. Funds for these projects have been accumulating since April. In August, the Commission approved a \$5.135 million lighting program for APS, but no other DSM programs have been approved at a time when customers need these programs to defray their energy costs. For the same reasons we must move expeditiously to a vote on the final rules package for the Environmental Portfolio Standard.

It is my understanding that Staff is working hard on its analysis of the next set of proposed DSM projects. It would be my hope that we can at least approve some of the DSM programs before the end of the year. We have three opportunities to do so: the Open Meeting scheduled for December 6-7, the Securities Open Meeting scheduled for December 29, or a Special Open Meeting sometime in between to address this important matter.

A number of utilities, including APS, have filed repeated requests for rate increases recently. Those requests should be accorded due process but our first priority must be in finishing the EPS and DSM initiatives, both of which have been working their way through the pipeline for some time.

I appreciate all of the time and effort that Staff has put into the DSM and EPS programs this year. Their hard work will ultimately be of great benefit to Arizona ratepayers.

Sincerely,

Kris Mayes  
Commissioner

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Cc: Docket Control  
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Brian McNeil  
Heather Murphy